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FM AMEMBASSY ANKARA  
TO RUEHC/SECSTATE WASHDC 5962  
INFO RUFLEPA/AMCONSUL ADANA 0916  
RUEHTH/AMEMBASSY ATHENS 7410  
RUEHBS/AMEMBASSY BRUSSELS 5780  
RUOMPL/AMCONSUL ISTANBUL 4854  
RUFLAEA/AMCONSUL IZMIR 4626  
RUOMOG/AMEMBASSY NICOSIA 1290  
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E.O. 12356: N/A  
TAGS: ECON, TU, PREL  
SUBJECT: AUGUST 16 OZAL PRESS CONFERENCE

1. SUMMARY. IN HIS SIXTH PRESS CONFERENCE ON AUGUST 16, PRIME MINISTER OZAL REVIEWED THE ECONOMIC ACCOMPLISHMENTS OF HIS ADMINISTRATION. HE HELD UP THE REORGANIZATION OF THE GOVERNMENT BUREAUCRACY AS THE MOST IMPORTANT ACCOMPLISHMENT TO DATE BUT ALSO NOTED PROGRESS ON THE PROBLEM OF INFLATION. HE SAID THAT THE SEE'S REMAIN A TOP PRIORITY AND ANNOUNCED A PLAN TO SELL SOME OF THEM TO THEIR EMPLOYEES. END SUMMARY.

2. PRIME MINISTER TURGUT OZAL HELD HIS SIXTH PRESS CONFERENCE SINCE ASSUMING OFFICE ON AUGUST 16 IN ISTANBUL. READING FROM A TWELVE PAGE PREPARED STATEMENT OZAL, IN HIS OPENING REMARKS, REVIEWED THE ACCOMPLISHMENTS OF HIS GOVERNMENT DURING ITS FIRST MONTHS IN OFFICE AND THEN FOCUSED ON OUTSTANDING PROBLEMS PARTICULARLY IN THE ECONOMIC SPHERE. WITH RESPECT TO SPECIFIC ACCOMPLISHMENTS, OZAL CHARACTERIZED THE REDUCTION IN THE NUMBER OF - MINISTRIES AND THE SUBSEQUENT BUREAUCRATIC REORGANIZATION AS HIS MOST SIGNIFICANT ACHIEVEMENT TO DATE. RECENT LEGISLATION, HE SAID, HAS ESTABLISHED THE STAFF AND BUREAUCRATIC RESPONSIBILITIES OF ALL STATE AGENCIES WITH THE EXCEPTION OF THE MINISTRY OF AGRICULTURE, FORESTRY AND RURAL AFFAIRS AND THE STATE ECONOMIC ENTERPRISES (SEE'S). SUCH LEGISLATION HAS BEEN IN PREPARATION SINCE THE EARLY 1970'S. OZAL PREDICTED THAT GOVERNMENT EFFICIENCY WOULD BE GREATLY ENHANCED AS A RESULT OF THIS BUREAUCRATIC REORGANIZATION WHICH RESULTED IN THE ELIMINATION

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OF ALMOST 5,000 ADMINISTRATIVE POSITIONS AND A  
REDUCTION IN BUREAUCRATIC TITLES.

3. WITH RESPECT TO THE STATE ECONOMIC ENTERPRISES, OZAL SAID THAT THEY REMAIN ONE OF THE TOP PRIORITIES OF HIS GOVERNMENT. HE SAID THAT RECENT CHANGES IN LEGISLATION GOVERNING SEE'S WILL MAKE POSSIBLE THE NECESSARY PERSONNEL AND STRUCTURAL ADJUSTMENTS THAT WILL ENABLE THEM TO COMPETE WITH PRIVATE AND FOREIGN COMPANIES. OZAL ANNOUNCED THAT SOME OF THE SEE'S MAY BE SOLD WHOLLY OR IN PART TO THE EMPLOYEES. THE WORKERS WOULD BE ASSISTED IN PURCHASING THEIR FIRMS WITH STATE LOANS WHICH COULD BE ADJUSTED IF NECESSARY SO AS TO PREVENT PERSONAL FINANCIAL LOSSES TO THE EMPLOYEES. THE GOVERNMENT WOULD ALSO PROVIDE FOLLOWUP CREDITS AND MANAGEMENT ASSISTANCE TO THESE FIRMS. ACCORDING TO OZAL, THE PLAN TO TURN OVER SOME OF THE SEE'S TO THEIR WORKERS WOULD BEGIN SOMETIME IN 1985.

4. CONCERNING THE GENERAL ECONOMY, OZAL NOTED THAT THE CURRENT PROJECTIONS FOR REAL GNP GROWTH IN 1984 IS 5.7 PERCENT, AND EXPRESSED SOME OPTIMISM THAT IT COULD BE AS HIGH AS 6 PERCENT. HE POINTED OUT THAT TURKEY'S EXPORT GROWTH RATE THIS YEAR WAS THE HIGHEST IN THE WORLD AND PREDICTED THAT TOTAL EXPORTS IN 1984 WOULD EXCEED \$7 BILLION AND PROBABLY REACH \$7.5 BILLION. ON THE TOPIC OF INFLATION, OZAL SAID THAT RECENT FIGURES WERE ENCOURAGING AND CREDITED THE POLICIES FOLLOWED BY HIS GOVERNMENT SINCE ASSUMING OFFICE FOR THE SLOWDOWN IN INFLATION. AS FURTHER EVIDENCE OF CONTINUED PROGRESS ON THE ECONOMIC FRONT, OZAL ANNOUNCED THAT HIS GOVERNMENT HAD ISSUED CAPITAL ENTRY PERMITS TOTALING \$365 MILLION BETWEEN APRIL AND JUNE OF THIS YEAR. HE SAID THIS PROVED THAT TURKEY'S CREDIBILITY WITH FOREIGN INVESTORS HAD INCREASED TREMENDOUSLY, AS THE TOTAL CAPITAL INFLOW DURING THE PREVIOUS 30 YEARS WAS ONLY \$1.0 BILLION.

5. DURING THE QUESTION AND ANSWER PERIOD FOLLOWING HIS STATEMENT, OZAL FIELDERD QUESTIONS ON A VARIETY OF TOPICS INCLUDING RELATIONS WITH GREECE, THE SALE OF THE BOSPHORUS BRIDGE, THE DECISION ON THE NUCLEAR POWER PLANT TENDER AND U.S. AID TO TURKEY. WITH RESPECT TO THE SALE OF THE BRIDGE, HE SAID THAT

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THE REGULATION COVERING THE SALE OF BRIDGE SHARES WAS READY AND THE ACTUAL SALE MIGHT BEGIN WITHIN A MONTH. HE SAID THAT NO DECISION HAD YET BEEN TAKEN ON THE NUCLEAR POWER PROJECT. ON THE QUESTION OF U.S. AID, HE SAID THAT A STRONG HEAD OF STATE KEEPS HIS PROMISES. SINCE IN HIS OPINION PRESIDENT REAGAN IS SUCH A LEADER, OZAL SAID THAT HE DID NOT EXPECT U.S. AID TO TURKEY TO BE REDUCED.

6. ON THE QUESTION OF RELATIONS WITH GREECE, OZAL ADMITTED THAT THE GREEK GOVERNMENT WAS FEARFUL OF TURKEY BECAUSE TURKEY WAS THE VICTOR IN PREVIOUS CONFLICTS. INSTEAD OF INCREASING TENSION, HE SAID, TURKEY SHOULD TRY TO REDUCE IT IN SO FAR AS POSSIBLE IN ORDER TO AVOID A COSTLY ARMS RACE WITH THE

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GREEKS. FRIENDSHIP, IN HIS VIEW, WOULD BENEFIT  
BOTH COUNTRIES. HOWEVER, HE WARNED GREECE NOT TO  
INTERFERE WITH TURKEY'S APPLICATION FOR EEC  
MEMBERSHIP OR TO ATTEMPT TO RESTRICT TURKEY'S RIGHTS  
IN THE AEGEAN. STRAUSS-HUPE  
END OF MESSAGE

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